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March 8, 2002

**RECEIVED**

MAR - 8 2002

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**VIA HAND DELIVERY**

William Caton, Acting Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

**Re: Notice of *Ex Parte* Presentation by Z-Tel Communications,  
Inc., CC Docket Nos. 01-338 and 02-233 /**

Mr. Caton:

Pursuant to Section 1.1206(b)(1) of the Commission's Rules, Z-Tel Communications, Inc. ("Z-Tel"), by its attorney, submits an original and two copies of this notice of an oral *ex parte* presentation made in the above-captioned proceedings on March 7, 2002. The *ex parte* presentation was made during a meeting between Jordan Goldstein of the Office of Commissioner Copps and Thomas M. Koutsy of Z-Tel. During the meeting, the attached materials were distributed and Z-Tel discussed, among other things, recent developments in the State of New York regarding the availability of the Unbundled Network Element Platform. Please date stamp and return in the envelope provided the duplicate copy of this letter and attachments. If you have any questions or need additional information, please contact me at (703) 918-2316.

Respectfully submitted,

Michael B. Hazzard

**Attachments**

cc: Jordan Goldstein (without attachments)  
Qualex International



# Unbundled Local Switching Developments

Thomas M. Koutsky

March 7, 2002



- New York Settlement: Verizon agrees to provide unbundled local switching/UNE-Platform to small business customers up to 18 lines
- Z-Tel Public Policy Paper No. 4: UNE-P and CLEC facilities/switch deployment
- Impact of “broadband wireline Internet access” definition on UNE-P/UNE-L migration strategies



# The New York Plan (Case No. 98-1357)

- New York Commission reasserts leadership role
- Verizon agrees to provide unbundled local switching up to 18 lines during course of the plan
- Establish Bottleneck Task Force
- Relationship between *competition* and *retail price deregulation*
  - Verizon opted for retail price flexibility = and was willing to assure UNE-P availability to do it
  - Without UNE-P availability to res/SMB, would NYPSC moved forward on AltReg plan?
- UNE-P plays crucial role in mass market competition for residential and small business consumers

***In the end...UNE-P is Deregulatory!***

- Only UNE-P statewide availability up to 18 lines gave NYPSC comfort level for deregulating Verizon retail rates
- If UNE-P not available = **a major tool for retail deregulation would be missing.** Net result is more regulation



# Without UNE-P, What's Left?

## Availability of UNE-P Sets "Competitive" States Apart from the Rest

	UNE-P	UNE-L	Resale	Total
New York	14.5%	2.2%	3.0%	19.7%
Texas	13.3%	1.1%	3.3%	17.7%
Georgia	3.1%	1.5%	2.7%	7.3%
Rest of BellSouth	1.3%	1.1%	2.8%	5.2%

Percent Total Access Lines. Source: Shiman/Rosenworcel (2001)



# Impact of Regulatory Process on Facilities Deployment

*Deploying facilities or migrating customers to facilities requires CLEC faith in regulatory process. In particular...*

- What is price of hot cuts be? What is risk other states will follow NY lead and decide cost is over \$180 each?
- What is risk that I will be able to collocate and offer next-gen services? See Paragraph 61 in *Wireline Broadband Classification Notice*, FCC 02-42.
- Will this network architecture really make me *less* dependent on the ILEC? Or will I be just as dependent on ILEC, but in different ways? Will I put myself at more risk for ILEC strategic conduct?



## Conclusions

- If no mass market telecom competition, the Act is a failure
- Only UNE-P...
  - supports mass market competition,
  - provides new and innovative services not otherwise available,
  - and ultimately promotes facilities-based deployment
- Without UNE-P...mass market consumers will have to wait for choices – possibly forever
- NY plan recognizes this and adopts this framework. The FCC should not undermine the NY Plan in the *Triennial Review*